



**CHINA** / Regional

## Plastic bag ban forces closure of factory

(Xinhua)

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BEIJING -- Huaqiang, China's largest plastic bag manufacturer, has shut because of a national environmental drive that will impose limits on their use starting on June 1, a local source said Tuesday.

The Henan Province-based factory stopped production in mid January and its 20,000 employees were awaiting their fate, said Liu Henglie, the commerce bureau director in Suiping County where the plant is located.

All machines in Huaqiang's two factories in Suiping County and Luohe City are to be sold. Further details about the future of the factories and its workers remained unknown, according to the official.

A notice in front of the Luohe factory on Saturday said "1,600 plastic film blowing machines and over 1,000 packing machines are for transfer. The two factories in Luohe and Suiping are to be transferred at a price of 280 million yuan (US\$39.1 million) to 350 million yuan".

"Our factory stopped production on January 18," said Chen Suhong, a veteran worker at the Luohe factory. "The electricity was cut off when I was on the afternoon shift. Later, our head gave us several days off because of output reduction."

The factories, belonging to the Guangzhou-based Nanqiang Plastic Industrial Ltd., were able to produce 250,000 tons of plastic bags valued at 2.2 billion yuan annually.

A management official was quoted by the local newspaper Henan Business Daily as saying the closure was caused by the environmental drive against the use of plastic bags.

"Over 90 percent of our products are on the limit list," the official said. "As a result, the only way forward for the factory is closure."

An unnamed county official attributed the closure to a new labor law. This entitled staff with more than 10 years of service at a company the right to sign contracts that would protect them from dismissal without cause.

According to the labour law put into effect on January 1, nearly 2,000 Huaqiang staff would be permanent workers of the company, which would increase its human resources costs, the official said.

"The shutdown of Huaqiang is absolutely a big loss to our county," said an official surnamed Cai with the county's bureau of small- and medium-sized companies. "We still want Huaqiang to be here."

"We now have two plans. One is to restore the production through the government's coordination with the Huaqiang headquarters. The other is to change the factory into a joint-stock company and produce degradable plastic bags."

Many of the province's companies are now focusing on recyclable plastics. Henan Tianguan Group, another major plastic producer, has built a product line of degradable plastic with an annual production of 500,000 tons.

The General Office of the State Council, China's Cabinet, on January 9 ordered a ban on the production, sale and use of ultra-thin bags (defined as less than 0.025 millimeters thick) as of June 1. At the same time, supermarkets and shops would be banned from giving free plastic bags to customers.

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